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**南京三寶科技股份有限公司**  
**NANJING SAMPLE TECHNOLOGY CO.,LTD.\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1708)**

**UNAUDITED INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**FINANCIAL HIGHLIGHTS**

The total operating income of the Group for the six months ended 30 June 2021 (the "Period") amounted to RMB575,885,384.90, representing an increase of approximately 92.95% as compared to the corresponding period of last year.

The net profit attributable to owners of the parent company for the six months ended 30 June 2021 was RMB3,077,457.74, representing a decrease of approximately 70.68% as compared to the corresponding period of last year.

The basic earnings per share for the six months ended 30 June 2021 was approximately RMB0.004 (corresponding period of 2020: RMB0.013).

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

## UNAUDITED INTERIM RESULTS

The board (the “Board”) of Directors of Nanjing Sample Technology Co., Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 together with the comparative figures of 2020 as follows:

(Unless otherwise stated, the financial information of the Company in this announcement was stated in Renminbi (“RMB”) yuan)

### Consolidated Balance Sheet

At 30 June 2021

ASSETS	Note	At 30 June 2021 (Unaudited)	At 31 December 2020 (Audited)
<b>Current assets:</b>			
Cash at bank and on hand		499,579,823.52	396,527,387.13
Settlement provisions		—	—
Placements with banks and other financial institutions		—	—
Held-for-trading financial assets		—	—
Financial assets measured at fair value with changes in fair value recognized in profit or loss		—	—
Derivative financial assets		—	—
Notes receivable	8	1,000,000.00	8,637,671.16
Accounts receivable	8	623,155,334.62	1,102,051,999.27
Receivables financing	8	500,000.00	1,988,651.45
Prepayments	8	560,844,251.88	375,556,663.32
Premiums receivable		—	—
Reinsurance receivable		—	—
Reinsurance contract reserve receivable		—	—
Other receivables	8	493,973,398.14	95,973,149.21
Financial assets held under resale agreements		—	—
Inventories		235,164,817.09	173,477,816.65
Contract assets		501,090,865.69	524,489,072.34
Held-for-sale assets		428,077,500.00	428,077,500.00
Non-current assets due within one year		—	—
Other current assets		82,961,976.98	68,953,437.14
<b>Total current assets</b>		<b>3,426,347,967.92</b>	<b>3,175,733,347.67</b>

<b>ASSETS (CONTINUED)</b>	<i>Note</i>	<b>At 30 June 2021 (Unaudited)</b>	At 31 December 2020 (Audited)
<b>Non-current assets:</b>			
Loans and advances to customers		–	–
Debenture investments		–	–
Available-for-sale financial assets		–	–
Other debenture investment		–	–
Held-to-maturity investments		–	–
Long-term receivables		–	–
Long-term equity investments		<b>4,118,352.11</b>	118,352.11
Other equity instruments investment		<b>219,653,402.05</b>	219,653,402.05
Other non-current financial assets		<b>131,910,665.71</b>	132,643,300.91
Investment property		<b>235,215,900.00</b>	235,215,900.00
Fixed assets		<b>224,030,622.06</b>	244,054,351.67
Construction in progress		<b>185,099.99</b>	185,099.99
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		–	–
Intangible assets		<b>10,484,372.92</b>	10,587,936.48
Development expenditures		–	–
Goodwill		–	–
Long-term deferred expenses		<b>3,103,098.98</b>	3,880,507.35
Deferred income tax assets		<b>70,265,619.60</b>	70,233,553.55
Other non-current assets		<b>86,906,437.50</b>	86,906,437.50
<b>Total non-current assets</b>		<b><u>985,873,570.92</u></b>	<b><u>1,003,478,841.61</u></b>
<b>TOTAL ASSETS</b>		<b><u>4,412,221,538.84</u></b>	<b><u>4,179,212,189.28</u></b>

<b>LIABILITIES &amp; OWNERS' EQUITY</b>	<i>Note</i>	<b>At 30 June 2021 (Unaudited)</b>	At 31 December 2020 (Audited)
<b>Current liabilities:</b>			
Short-term borrowings		<b>571,270,000.00</b>	756,035,488.89
Borrowings from central bank		-	-
Placements from banks and other financial institutions		-	-
Held-for-trading financial liabilities		-	-
Financial liabilities measured at fair value with changes in fair value recognized in profit or loss		-	-
Derivative financial liabilities		-	-
Notes payable	9	<b>393,000,000.00</b>	-
Accounts payable	9	<b>676,383,065.94</b>	660,645,469.09
Advances from customers	9	-	9,572.20
Financial assets sold under repurchase agreements		-	-
Customer deposits and deposits from banks and other financial institutions		-	-
Securities trading of agency		-	-
Securities underwriting		-	-
Staff salaries payable		<b>3,487,799.61</b>	15,805,390.78
Taxes payable		<b>13,428,705.19</b>	16,655,425.87
Other payables	9	<b>29,543,088.43</b>	81,343,497.87
Bank charges and commissions due		-	-
Reinsurers due		-	-
Contract liabilities	9	<b>152,779,785.73</b>	261,560,369.57
Held-for-sale liabilities		-	-
Non-current liabilities due within 1 year		<b>156,000,000.00</b>	156,000,000.00
Other current liabilities		<b>12,515,627.47</b>	32,368,230.22
<b>Total current liabilities</b>		<b><u>2,008,408,072.37</u></b>	<b><u>1,980,423,444.49</u></b>

<b>LIABILITIES &amp; OWNERS' EQUITY (CONTINUED)</b>	<i>Note</i>	<b>At 30 June 2021 (Unaudited)</b>	At 31 December 2020 (Audited)
<b>Non-current liabilities:</b>			
Insurance contract reserves		–	–
Long-term borrowings		<b>393,250,000.00</b>	186,250,000.00
Debt payables		–	–
Including: Preferred shares		–	–
Perpetual bond		–	–
Lease liabilities		–	–
Long-term payables		–	–
Long-term staff salaries payable		–	–
Estimated liabilities		–	–
Deferred income		<b>17,689,513.19</b>	21,513,196.53
Deferred income tax liabilities		<b>13,907,477.05</b>	13,916,896.54
Other non-current liabilities		–	–
<b>Total non-current liabilities</b>		<b><u>424,846,990.24</u></b>	<u>221,680,093.07</u>
<b>Total liabilities</b>		<b><u>2,433,255,062.61</u></b>	<u>2,202,103,537.56</u>
<b>Owners' equity:</b>			
Share capital		<b>792,058,500.00</b>	792,058,500.00
Other equity instruments		–	–
Including: Preferred shares		–	–
Perpetual bond		–	–
Capital reserves		<b>103,269,821.12</b>	103,269,821.12
Less: treasury stocks		–	–
Other comprehensive income		<b>23,732,472.18</b>	23,419,490.31
Special reserves		–	–
Surplus reserves		<b>104,128,024.15</b>	104,128,024.15
General risk provision		–	–
Undistributed profits		<b>874,772,174.15</b>	871,694,716.41
Total owners' equity attributable to the parent company		<b>1,897,960,991.60</b>	1,894,570,551.99
Non-controlling interest		<b>81,005,484.63</b>	82,538,099.73
<b>Total owners' equity</b>		<b><u>1,978,966,476.23</u></b>	<u>1,977,108,651.72</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b><u>4,412,221,538.84</u></b>	<u>4,179,212,189.28</u>

**Consolidated Income Statement**  
*For the six months ended 30 June 2021*

ITEMS	Note	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
<b>I. Total operating income</b>	2	<b>575,885,384.90</b>	298,462,892.82
Including: Operating income		<b>575,885,384.90</b>	298,462,892.82
Interest income		—	—
Premiums earned		—	—
Fee and commission income		—	—
<b>II. Total operating cost</b>		<b>578,571,517.53</b>	295,142,883.97
Including: Operating costs	2	<b>490,144,729.86</b>	204,675,144.25
Interest expenses		—	—
Fee and commission expense		—	—
Surrenders		—	—
Net payment from indemnity		—	—
Net provisions for insurance contract		—	—
Insurance policy dividend payment		—	—
Reinsurance cost		—	—
Tax and surcharges		<b>3,136,968.64</b>	2,456,123.40
Selling expenses		<b>15,667,964.66</b>	20,090,926.29
Administrative expenses		<b>25,635,448.19</b>	24,188,287.60
R&D expenses		<b>26,234,605.84</b>	19,626,727.15
Finance costs	4	<b>28,475,856.07</b>	25,477,374.66
Including: Interest expense	4	<b>29,306,083.47</b>	25,037,701.27
Interest income	4	<b>1,163,241.77</b>	303,233.88
Add: Other gains		<b>4,861,979.41</b>	10,429,671.27
Investment income (losses are represented by “-”)		—	27,746.93
Including: Investment income of associates and joint ventures		—	—
Exchange gain		—	—
Gains arising from changes in fair value (losses are represented by “-”)		—	—
Credit impairment loss		<b>-10,739,956.85</b>	-1,371,699.38
Asset impairment loss		<b>15,901.12</b>	—
Gains on disposal of assets (losses are represented by “-”)		<b>19,983.08</b>	-33,820.83

ITEMS	Note	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
<b>III. Operating profit (losses are represented by “-”)</b>		<b>2,195,829.86</b>	13,743,606.22
Add: Non-operating income		274,913.14	162,769.32
Less: Non-operating expenses		<u>80.51</u>	<u>5,416.48</u>
<b>IV. Total profit (total losses are represented by “-”)</b>		<b>2,470,662.49</b>	13,900,959.06
Less: Income tax expense	5	<u>925,819.85</u>	<u>3,661,022.90</u>
<b>V. Net profit (net losses are represented by “-”)</b>		<b>1,544,842.64</b>	10,239,936.16
(I) Classified the business continuity			
1. Net profit from continuing operations (net losses are represented by “-”)		<b>1,544,842.64</b>	10,239,936.16
2. Net profit from discontinued operation (net losses are represented by “-”)		—	—
(II) Classified by the attribution of the ownership			
1. Net Profit attributable to the equity owners of the parent company (net losses are represented by “-”)		<b>3,077,457.74</b>	10,496,067.21
2. Non-controlling interests profit and loss (net losses are represented by “-”)		<u>-1,532,615.10</u>	<u>-256,131.05</u>
<b>VI. Other comprehensive income</b>		<b>312,981.87</b>	263,284.15
(I) Net other comprehensive income after tax attributable to owners of the parent company		<b>312,981.87</b>	263,284.15
1. Other comprehensive income which will not be reclassified subsequently to profit and loss		—	—
(1) Changes as a result of re-measurement of defined benefit plan		—	—
(2) Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		—	—
(3) Changes in fair value of other equity instruments investment		—	—
(4) Changes in fair value of the enterprise’s own credit risk		—	—

ITEMS	Note	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
2. Other comprehensive income which will be reclassified to profit and loss		<b>312,981.87</b>	263,284.15
(1) Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		—	—
(2) Changes in fair value of other debt investment		—	-125,133.43
(3) Amount of financial assets reclassified to other comprehensive income		—	—
(4) Provision for credit impairment of other debt investment		—	—
(5) Cash flow hedging reserve		—	—
(6) Translation difference of financial statements in foreign currencies		<b>312,981.87</b>	388,417.58
(7) Others		—	—
<b>VII. Total comprehensive income</b>		<b>1,857,824.51</b>	10,503,220.31
Total comprehensive income attributable to the owners of the parent company		<b>3,390,439.61</b>	10,759,351.36
Total comprehensive income attributable to minority shareholders		<b>-1,532,615.10</b>	-256,131.05
<b>VIII. Earnings per share:</b>			
(1) Basic earnings per share (RMB/share)	6	<b>0.004</b>	0.013
(2) Diluted earnings per share (RMB/share)		<b>0.004</b>	0.013



## Notes to the Unaudited Interim Financial Statements

For the six months ended 30 June 2021

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICES

The unaudited interim financial statements have been prepared in accordance with the China Accounting Standards for Business Enterprises, Information Disclosure Rule No. 15 of Public Offerings Company – Financial Reporting General Provisions (2014 Amendments) issued by CSRC and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance (“Hong Kong Companies Ordinance”).

The accounting policies and calculation methods used in the preparation of the unaudited interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2020. This interim result has not been audited by the auditor of the Company, and has been reviewed by the audit committee of the Company.

### 2. TOTAL OPERATING INCOME

Operating income represents the Group’s principal operating income, including income received and receivable from system integration, intelligent terminal sales and service businesses.

#### (1) Operating income and operating cost

Items	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Principal operating income	560,978,985.14	285,897,483.97
Other operating income	14,906,399.76	12,565,408.85
Total operating income	<u>575,885,384.90</u>	<u>298,462,892.82</u>
Principal operating cost	488,650,639.28	203,750,858.93
Other operating cost	1,494,090.58	924,285.32
Total operating cost	<u>490,144,729.86</u>	<u>204,675,144.25</u>

#### (2) Principal operations (by product)

Name of Products	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Unaudited)	
	Operating income	Operating cost	Operating income	Operating cost
System integration	388,222,021.67	336,706,393.84	223,895,863.14	165,483,404.27
Intelligent terminal sales	130,618,244.86	127,584,690.01	19,145,065.19	18,300,462.35
Service	42,138,718.61	24,359,555.43	42,856,555.64	19,966,992.31
Total	<u>560,978,985.14</u>	<u>488,650,639.28</u>	<u>285,897,483.97</u>	<u>203,750,858.93</u>

### 3. SEGMENTS INFORMATION

Information regarding the Company's reportable operating segments as provided to the Company's chief operating decision makers for the purposes of resources allocation and assessment of segment performance for the Period is only derived from system integration, intelligent terminal sales, service businesses. In addition, the Company's operations are situated in the PRC in which its income was derived principally therefrom. Accordingly, no separate segments are presented.

### 4. FINANCE COSTS

Items	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Interest expenses	29,306,083.47	25,037,701.27
Less: interest income	1,163,241.77	303,233.88
Exchange gain or loss	—	—
Others	333,014.37	742,907.27
Total	<u>28,475,856.07</u>	<u>25,477,374.66</u>

### 5. INCOME TAX EXPENSES

Items	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Current income tax calculated based on tax law and related regulations	925,819.85	3,661,022.90
Deferred income tax adjustment	—	—
Total	<u>925,819.85</u>	<u>3,661,022.90</u>

On 2 December 2020, the Company has passed the re-evaluation of High and New Technology Enterprise and obtained the High and New Technology Enterprise certificate jointly issued by the Jiangsu Science and Technology Bureau, Jiangsu Finance Bureau, Jiangsu State Tax Bureau and Jiangsu Local Tax Bureau (江蘇省科學技術廳、江蘇省財政廳、江蘇省國家稅務局、江蘇省地方稅務局), for an effective period of three years. Pursuant to article 28 of the Enterprise Income Tax Law of the People's Republic of China, the income shall be taxed at the reduced rate of 15% for the New and High Technology Enterprise, therefore, the effective tax rate of enterprise income tax for the Company is 15% during the reporting period.

On 2 December 2020, Jiangsu Intellitrans Company Limited, a subsidiary of the Group, has passed the re-evaluation of High and New Technology Enterprise and obtained the High and New Technology Enterprise certificate jointly issued by the Jiangsu Science and Technology Bureau, Jiangsu Finance Bureau, Jiangsu State Tax Bureau and Jiangsu Local Tax Bureau (江蘇省科學技術廳、江蘇省財政廳、江蘇省國家稅務局、江蘇省地方稅務局), for an effective period of three years. Pursuant to article 28 of the Enterprise Income Tax Law of the People's Republic of China, the income shall be taxed at the reduced rate of 15% for the New and High Technology Enterprise, therefore, its effective tax rate of enterprise income tax is 15% during the reporting period.

On 30 November 2018, Jiangsu Ruifu Intelligent Tech. Co., Ltd., a subsidiary of the Group, obtained the High and New Technology Enterprise Certificate jointly issued by the Jiangsu Science and Technology Bureau, Jiangsu Finance Bureau, Jiangsu Provincial Taxation Bureau of State Administration of Taxation (江蘇省科學技術廳、江蘇省財政廳、國家稅務總局江蘇省稅務局), for an effective period of three years. Pursuant to article 28 of the Enterprise Income Tax Law of the People's Republic of China, the income shall be taxed at the reduced rate of 15% for the New and High Technology Enterprise. Therefore, its effective tax rate of enterprise income tax is 15% during the reporting period.

On 28 November 2018, Nanjing City Intelligent Transportation Co., Ltd., a subsidiary of the Group, obtained the High and New Technology Enterprise Certificate jointly issued by the Jiangsu Science and Technology Bureau, Jiangsu Finance Bureau, Jiangsu Provincial Taxation Bureau of State Administration of Taxation (江蘇省科學技術廳、江蘇省財政廳、國家稅務總局江蘇省稅務局), for an effective period of three years. Pursuant to article 28 of the Enterprise Income Tax Law of the People's Republic of China, the income shall be taxed at the reduced rate of 15% for the New and High Technology Enterprise. Therefore, its effective tax rate of enterprise income tax is 15% during the reporting period.

On 30 November 2018, Nanjing Sample Chain Information Technology Co., Ltd., a subsidiary of the Group, obtained the High and New Technology Enterprise Certificate jointly issued by the Jiangsu Science and Technology Bureau, Jiangsu Finance Bureau, Jiangsu Provincial Taxation Bureau of State Administration of Taxation (江蘇省科學技術廳、江蘇省財政廳、國家稅務總局江蘇省稅務局), for an effective period of three years. Pursuant to article 28 of the Enterprise Income Tax Law of the People's Republic of China, the income shall be taxed at the reduced rate of 15% for the New and High Technology Enterprise. Therefore, its effective tax rate of enterprise income tax is 15% during the reporting period.

The other domestic subsidiaries of the Company were taxed at 25% enterprise income tax rate.

The offshore subsidiaries of the Company were taxed at the local applicable income tax rate.

## **6. EARNINGS PER SHARE**

The calculation of the earnings per share is based on the net profit for the period attributable to the owners of the parent company of RMB3,077,457.74 (corresponding period of 2020: RMB10,496,067.21) and weighted average number of issued ordinary shares of 792,058,500 (2020: 792,058,500) during the period.

The amount of basic earnings per share is the same as the diluted earnings per share as there was no dilution during the periods ended 30 June 2021 and 2020.

## **7. DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

## 8. TRADE AND OTHER RECEIVABLES

<b>Items</b>	<b>At 30 June 2021 (Unaudited)</b>	At 31 December 2020 (Audited)
Accounts receivable	<b>851,546,414.30</b>	1,393,820,765.76
Less: Provision for bad debts for accounts receivable	<b>228,391,079.68</b>	291,768,766.49
Receivable financing	<b>500,000.00</b>	1,988,651.45
Notes receivable	<b>1,000,000.00</b>	8,637,671.16
Prepayments	<b>560,844,251.88</b>	375,556,663.32
Other receivables	<b>523,797,721.38</b>	129,625,205.63
Less: Provision for bad debts for other receivables	<b>29,824,323.24</b>	33,652,056.42
Interest receivable	-	-
Dividends receivable	-	-
<b>Total</b>	<b><u>1,679,472,984.64</u></b>	<b><u>1,584,208,134.41</u></b>

### The aging analysis of accounts receivable

<b>Items</b>	<b>At 30 June 2021 (Unaudited)</b>	At 31 December 2020 (Audited)
Within 1 year (including one year)	<b>274,900,845.39</b>	538,432,355.50
1 to 2 years	<b>301,942,249.26</b>	336,816,974.25
2 to 3 years	<b>139,851,031.36</b>	361,725,374.63
Over 3 years	<b>134,852,288.29</b>	156,846,061.38
<b>Sub-total</b>	<b><u>851,546,414.30</u></b>	<u>1,393,820,765.76</u>
Less: Provision for bad debts	<b><u>228,391,079.68</u></b>	<u>291,768,766.49</u>
<b>Total</b>	<b><u>623,155,334.62</u></b>	<b><u>1,102,051,999.27</u></b>

## 9. TRADE AND OTHER PAYABLES

<b>Items</b>	<b>At 30 June 2021 (Unaudited)</b>	<b>At 31 December 2020 (Audited)</b>
Accounts payable	676,383,065.94	660,645,469.09
Notes payable	393,000,000.00	–
Advances from customers	–	9,572.20
Other payables	29,543,088.43	81,343,497.87
Interest payable	–	–
Dividend payable	–	–
Contract liabilities	152,779,785.73	261,560,369.57
<b>Total</b>	<b><u>1,251,705,940.10</u></b>	<b><u>1,003,558,908.73</u></b>

### The aging analysis of accounts payable

<b>Items</b>	<b>At 30 June 2021 (Unaudited)</b>	<b>At 31 December 2020 (Audited)</b>
Within 1 year	418,559,296.90	231,085,935.02
1 to 2 years	21,069,868.77	138,743,655.80
Over 2 years	236,753,900.27	290,815,878.27
<b>Total</b>	<b><u>676,383,065.94</u></b>	<b><u>660,645,469.09</u></b>

### The aging analysis of notes payable

<b>Items</b>	<b>At 30 June 2021 (Unaudited)</b>	<b>At 31 December 2020 (Audited)</b>
Within 1 year	393,000,000.00	–
1 to 2 years	–	–
Over 2 years	–	–
<b>Total</b>	<b><u>393,000,000.00</u></b>	<b><u>6,593,170.50</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Total Operating Income*

For the six months ended 30 June 2021 (the “Review Period”), the total operating income of the Group amounted to RMB575,885,384.90, representing an increase of approximately 92.95% over that of the corresponding period of last year. The increase was mainly due to the impact of the pandemic in the same period last year resulted to the delay in resumption of some projects and the decrease in projects successfully bid which led to a decline in the Company’s revenue. During the Review Period, the pandemic has been effectively controlled and the Company’s business and income levels are gradually recovering.

#### *Gross Profit Margin*

The gross profit margin for the Review Period decreased from approximately 31.42% for the corresponding period of last year to approximately 14.89% which was mainly due to i) the increase in the Company’s procurement costs resulted by the continuous price hikes in some bulk commodities; ii) the bidding and start-up of some projects have been delayed as influenced by the pandemic and market competition has increased, resulting in a decrease in the profit margin of the Group’s projects.

#### *Selling and Distribution Expenses*

Selling and distribution expenses for the six months ended 30 June 2021 was RMB15,667,964.66, representing a decrease of approximately 22.01% as compared with that of the corresponding period of last year. Such decrease was mainly due to continuous impact of the epidemic during the Review Period, the Group implemented online marketing in consideration with the market condition so as to save costs.

#### *Administrative Expenses*

The administrative expenses recorded a slight increase of approximately 5.98% from RMB24,188,287.60 in the corresponding period of last year to RMB25,635,448.19 for the Review Period.

#### *R&D Expenses*

The research and development expenses for the six months ended 30 June 2021 were RMB26,234,605.84, representing an increase of approximately 33.67% as compared with the same period last year. The increase was mainly due to the fact that the increase in the investment in research and development by the Group in order to enhance its core competitiveness.

### *Finance Costs*

The finance costs for the six months ended 30 June 2021 were RMB28,475,856.07, representing an increase of approximately 11.77% as compared with the same period last year. The main reason for the increase was attributable to the pandemic-related preferential policy for loans as provided during the same period of last year which gradually returned to normal levels during the reporting period.

### *Prepayments*

As at 30 June 2021, the Group's prepayments amounted to RMB560,844,251.88, representing an increase of approximately 49.34% as compared to that of 31 December 2020. The increase was mainly due to the active business expansion by the Group resulted to the increase in prepayment for procurement.

### *Liquidity and Financial Resources*

The Group adopted stringent financial management policies and maintained a healthy financial condition. The Group's working capital (being current assets less current liabilities) as at 30 June 2021 was RMB1,417,939,895.55 (At 31 December 2020: RMB1,195,309,903.18).

As at 30 June 2021, the bank balances and cash of the Group amounted to RMB499,579,823.52 (At 31 December 2020: RMB396,527,387.13).

### *Capital Structure*

As at 30 June 2021, the total bank borrowings of the Group was RMB1,120,520,000.00 (At 31 December 2020: RMB1,098,285,488.89), which included secured bank borrowings of RMB146,020,000.00 with annual interest rates ranging from 4.35% to 4.41% and are repayable within 13 years. The remaining of RMB974,500,000.00 was unsecured bank borrowings, including bank borrowings of RMB674,500,000.00 with annual interest rates ranging from 4% to 7% and are repayable within one year, bank borrowings amounted to RMB300,000,000 with annual interest rate at 5.55% and are repayable within two years. During the Review Period, the bank borrowings was mainly used in support of the Group's business development and the funds obtained was mainly used for project procurement and prepayments for projects.

As at 30 June 2021, the registered and issued share capital of the Company was RMB792,058,500.00 which was divided into 229,500,000 H Shares and 562,558,500 Domestic Shares.

### *Pledge of Assets of the Group*

As at 30 June 2021, the Group had the following assets pledged:

- (i) The total book value of the Group's assets of RMB339,456,504.62 (including: investment property of RMB235,215,900, fixed assets of RMB96,663,919.35, intangible assets of RMB7,576,685.27) were pledged to banks to secure outstanding bank loans of approximately RMB146,020,000.00.
- (ii) The bank deposits of RMB161,961,451.86 (As at 31 December 2020: RMB17,304,750.44) were pledged for projects bidding/projects in progress and banking facilities.

### *Employees*

As at 30 June 2021, the Group has an aggregate of 290 employees (At 30 June 2020: 255 employees). During the Review Period, the staff costs (including Directors' remuneration) was RMB27,804,547.37 (corresponding period of 2020: RMB26,755,378.47).

The salary and bonus policy of the Group is principally determined by the performance of the individual employee.

### *Gearing Ratio*

The gearing ratio (being short-term borrowings plus long-term borrowings plus non-current liabilities due within one year less cash and cash equivalents divided by equity) of the Group as at 30 June 2021 was approximately 39.56% (At 31 December 2020: approximately 36.37%). This was mainly attributed to the increase of bank borrowings for the project procurement and project prepayments in support of the Group's business development.

### *Risk in Foreign Exchange*

The revenue and expenses of the Group were denominated in Renminbi. The Directors consider that the Group's risk in foreign exchange is insignificant.

### *Significant Investments Held*

As of 30 June 2021, there were no investments held with a value of 5% or more of the Group's total assets.

### *Substantial Acquisition and Disposal and Significant Investment*

#### *The Disposal*

On 28 January 2021, the Company and Nanjing Sample Technology Group Co., Ltd. ("Sample Group") entered into the Creditor's Rights Transfer Agreement I, pursuant to which, Sample Group agreed to purchase, and the Company agreed to sell, a creditor's right at the consideration of RMB153,311,928.00. On 28 January 2021, Jiangsu Intellitrans Company Limited ("Jiangsu Intellitrans"), a subsidiary of the Company, and Sample Group entered into the Creditor's Rights Transfer Agreement II, pursuant to which, Sample Group agreed to purchase, and Jiangsu Intellitrans agreed to sell, 7 creditor's rights at the consideration of RMB352,346,262.23. On 29 March 2021, the aforesaid disposal was approved by shareholders at the extraordinary general meeting.



For details of the disposal, please refer to the announcements of the Company dated 28 January 2021 and 29 March 2021.

Save as disclosed above, the Group did not have any other material acquisition and disposal and material investment during the Review Period.

#### *Future Plans Relating to Material Investment or Capital Asset*

As at the date of this announcement, the Group has not executed any agreement in respect of proposed acquisition and did not have any other future plan of material investment or capital asset.

#### *Contingent Liabilities*

As at 30 June 2021, the Group did not have any material contingent liabilities.

### **BUSINESS REVIEW AND PROSPECTS**

#### *Business development*

In the intelligent expressway sector, by implementing various major projects, the Group has provided intelligent solutions for customers, which included integrated services such as expressway monitoring system, communication system, toll system, tunnel despatch commanding system and vehicle-road collaboration system. Such systems could improve the traffic efficiency, road safety, operation efficiency and driving experience on highways, bridges and in tunnels.

In accordance with the strategic planning and competitive strategies formulated in early 2021, in markets where the Group has traditional advantages, the Group continued to develop steadily and followed up on the continuous implementation of projects; in markets where competition is fierce and disadvantaged, the Group has taken the initiative to develop strategic cooperation in the industry and actively developed and expanded new markets and business projects with an attitude to achieve a win-win outcome. During the period under review, the Group made progress in the construction of the electrical and mechanical engineering project in Changning-Boashan Expressway, Yunnan province (section JD2), electrical and mechanical engineering project for the Sanmingjing Youxi Zhongxian-Jianning Lixin section of the Puyan Expressway and the integrated electrical and mechanical engineering project for the Xintai-Taierzhuang Malantun section of the Xintai-Taierzhuang (the border of Shandong Province and Jiangsu Province) Highway. Meanwhile, the Group also signed several new contracts, including the electrical and mechanical engineering expansion projects for G3W Chizhou-Qimen section of the Dezhou-Shangrao Expressway and G5011 Wuhu-Lintou section of the Wuhe Expressway, construction of electrical and mechanical works(NMKJ-91 section project) for the extension of Liucunhutong-Tonhjingzhen (the border of Jiangsu Province and Anhui Province) section of the Nanjing-Maanshan National Expressway and Haiyan County Rural Highway Street Lighting Project Section 2 (Lighting Project). The Group not only focused on continuous enhancement of abilities such as project management and data services, but also proactively explored the application of transportation big data analysis in new areas, bringing the concept of intelligent transportation to its business.

In the customs intelligent logistics sector, the Group continues to provide packaged intelligent solutions such as informative planning, software, hardware, integration of information system and operation and maintenance services for logistics customers such as the customs, the customs special regulatory districts (including bonded zone, cross-border comprehensive experimental zone, etc.), port terminals and airports to enhance regulatory efficiency, reduce regulatory costs and improve the convenience of customs clearance, thus facilitating trade flows. During the period under review, to maintain its continuous competitive advantage in the customs intelligent logistics sector, the Group increased investment in product research and development, continued to optimise its existing products with innovative modes and extended scope of application. It also devoted efforts in research and development of new products and launched new plans such as touchless gate system, animals import channel system (AI) and smart inspection system. During the period under review, the Group was awarded the tender for the Yangluo International Harbour customs inspection area development project-Wuhan Customs logistics information (new waterborne transport) system. Such project is a business management system (for waterborne and railway transportation) fulfilling the requirements of customs regulations, which covers the whole Hubei province, supports multiple business modes, and can be used for data exchange with other related digital systems and platforms. Such functions will achieve the intelligent total coverage monitoring of internal and external trading logistics.

#### *Research and development (“R&D”)*

During the period under review, the Group was approved as an Official Participant of the European Union Framework Programme for Research and Innovation, Horizon 2020. The Group participated in the EU-funding “MODALES” project (ID: 815189) coordinated and held by ERTICO-ITS Europe located in Brussels, Belgium, which had a total of 18 scientific research and industrial institutions (15 European and 3 international institutions) participated for a term of three years. Such project has laid a solid foundation for promoting Sino-European international scientific cooperation, facilitating transformation of research outputs and driving the development of industry. The Group closely cooperated with institutions such as Southeast University in joint application for the “high-value patent cultivation project for Jiangsu Province Intellectual Property Strategic Promotion Plan 2021 (Upgrade)”. Such application for joint construction of provincial “High-Value Patent Cultivation Demonstration Centre” strived to achieve exemplary results in optimising the cultivation system of high-value patents in the field of “core devices for the Internet of Things”, using patent information to carry out key core (common) technology research, and make high-quality patent applications and layouts around innovative achievements, for the promotion of industrialisation of patent technologies.

The “Nanjing Intelligent Expressway Engineering Technology Research Centre” established by Jiangsu Intellitrans Company Limited, a subsidiary of the Group, was officially approved and authorised by Nanjing Municipal Science and Technology Bureau; and Jiangsu Intellitrans Company Limited was officially admitted to the “National Intelligent Transportation System Standardisation Technical Committee (TC268)”.

During the period under review, the Group strongly emphasised the effective application and protection of intellectual property rights. The Group filed applications for 5 software copyrights and 4 utility model patents, and was granted 3 invention patents and 6 software copyrights during the period.

## *Future prospects*

In the second half of the year, the Group will continue to focus on two core businesses of intelligent expressways and intelligent customs in line with the strategies established at the beginning of the year. To this end it will strive to adhere to the customer-centric and market-driven approach to achieve product and solution innovation around specific scenarios driven by technology. We insist on placing equal emphasis on technological innovation and business model innovation, pooling the Group's resources to build an intelligent city ecosystem with the Internet of Things, Internet+ and other information technologies as the core.

In the second half of the year, the Group will make strategic cooperation with local industry authorities, intermediaries and leading enterprises to complement each other in resources and promote regional linkages, industrial integration and collaborative development in the intelligent expressway sector. The Group will continue to promote technology upgrades for intelligent expressway application and extend into scenic information and lighting projects and other scenarios.

In the second half of the year, the Group will provide intelligent Internet of Things solutions, products and services to our customers in the intelligent customs sector by continuing its goal for “enhancing regulatory efficiency, reducing cost of regulation, improving the flow of customs clearance and facilitating trading”. The Group will focus on business expansion and exploration, increase product development efforts, enhance corporate competitiveness and further upgrade solutions around core customers and eco-partners.

## **Share Option Scheme**

On 18 October 2011, the Board passed the resolution to terminate the execution of the share option scheme of the Company which was approved by the shareholders of the Company by way of resolution on 24 April 2004. The resolution was passed at the general meeting on 30 December 2011.

The Company has not granted any option under the share option scheme since the adoption of the scheme.

## **Competing Business and Conflicts of Interests**

None of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in the Listing Rules) is engaged in any business which competes or is likely to compete with the business of the Group, and none of them has any other conflicts of interests with the Group.

## **Code of Conduct for Securities Transactions by Directors**

The code of conduct for securities transactions by Directors adopted by the Company is on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any circumstances that the Directors did not comply with the required standards of dealings and the code of conduct for securities transactions by Directors throughout the six months ended 30 June 2021.

## **Audit Committee**

The Company established an audit committee on 27 August 2003 with terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules. The primary duty of the audit committee is to supervise the financial reporting process and internal control of the Company.

The audit committee comprises of three independent non-executive Directors, namely Mr. Gao Lihui (the chairman of the audit committee), Mr. Niu Zhongjie and Mr. Hu Hanhui. The audit committee of the Company has reviewed the unaudited results of the Group for the Review Period and has provided advice and comments thereon.

## **Corporate Governance Code**

For the six months ended 30 June 2021, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

## **Change in Constitutional Document**

During the period under review, there has been no significant change in the Company's Articles of Association.

## **Purchase, Redemption or Sales of Listed Securities of the Company**

During the Review Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

By Order of the Board  
**Nanjing Sample Technology Company Limited\***  
**Sha Min**  
*Chairman*

30 August 2021  
Nanjing, the PRC

*As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Ma Fengkui, Mr. Zhang Junmin; the non-executive Director is Mr. Chang Yong and the independent non-executive Directors are Mr. Gao Lihui, Mr. Niu Zhongjie and Mr. Hu Hanhui.*

\* For identification purpose only